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HOW DO NON-OEM CERTIFIED REPAIRS AFFECT VEHICLE VALUE?

Dear Mr. McDorman:

I own and operate a collision facility in Tyler. We always make it a practice to have our client's vehicles disassembled and ready for inspection before the carrier's appraiser arrives. We also make it a practice to have our OEM-approved repair plan completed prior to the carrier's appraiser showing up at our facility. Even though we have these timely and costly steps performed and all OEM procedures documented, each carrier appraiser always discounts our OEM-approved repair plan and generally leaves us with a less than desirable non-OEM approved repair plan. Generally, after several supplements and hours of negotiation over the phone, we will end up with about 75 percent of the required OEM procedures being paid for by the carrier. Often, we're faced with the same issues as the operator of the San Antonio facility who wrote in about short-pays in the November 2018 issue. Even though we are concerned about being compensated fairly to perform a safe, OEM-approved repair, we are equally concerned for the consumers who elect to settle for a less than desirable carrier repair plan or decide to use another collision facility that does not recognize a proper OEM repair. Does a less than desirable collision repair or non-OEM approved collision repair affect the actual cash value (ACV) of the consumer's vehicle?

In the event that the collision facility elects to shortcut the collision repair, not return the vehicle to its pre-loss OEM condition and only perform the operations they are paid for by the carrier – thus leaving the consumer with a non-OEM approved collision repair – how would this affect the consumer's ACV of their vehicle since it has not been returned to its pre-loss condition? How would consumers be compensated for the diminished value they have suffered?

These are great questions. Diminished value will always exist on a repaired vehicle. This is the case even if the vehicle has been repaired to the best of one's human ability. Any variation of the OEM-approved repair will add to the diminished value of the vehicle and introduce potential safety issues.

In Texas, there is no set formula for diminished value claims, which are recognized because the Insurance Commissioner suggested they be so as part of the liability. With this said, it leaves a huge amount of subjectivity for these types of claims and discounted settlements. Each carrier handles these claims differently, and few of them put in an honest effort to make the damaged party whole.

When the carrier issues a less than desirable non-approved OEM repair plan, that company has aided in the diminished value of the vehicle and harmed the insured or claimant. In each of these cases, the insured or claimant has been under-indemnified and financially harmed. These types of issues go undocumented because the carriers seldom do reinspections by independent third-party appraisers. The collision facilities that realize inherent diminished value exists even when the repair is performed to the best of one's human ability keep OEM-certified pre-owned brochures and checklist on file and will use these items to help detour the carrier from requesting any operation that would be in contrast with the OEM. In each case that the carrier authorizes or instructs the collision facility to perform an operation that directly precludes the vehicle from being able to qualify for OEM-certified pre-owned status, the insured or claimant is not made whole and is caused financial harm. Our subsidiary, Vehicle Value Experts, has a library of OEM brochures and checklists available upon request.

It is best to always have the client involved in the repair plan and negotiations with the carrier regarding what they will or will not pay for. In most cases, a motor vehicle is a consumer's second-largest



Robert is a recognized Public Insurance Adjuster and Certified Vehicle Value Expert specializing in motor vehicle-related insurance claim resolution. As the general manager of Auto Claim Specialists, Robert expertly leads this National Public Insurance Adjuster Agency, which is currently licensed in 11 different states and specializes in providing automotive-related claim liquidation techniques, strategies and motor vehicle valuation services to all parties, including individual consumers, body shops, auto dealers, repair facilities, towing and storage operations, lenders, finance companies, banks, legal professionals, governmental agencies and others. The firm's consistent success can be attributed to Robert's 35+ years of automotive industry knowledge, practical hands-on experience and multiple certifications, including licensure by the Texas Department of Insurance as a Public Insurance Adjuster. Auto Claim Specialists clients can absolutely trust that they will be provided with analytical, sophisticated, state-of-the-art, comprehensive, accurate, unbiased and up-to-date data and information that all parties can rely upon as both factual and objective. Robert can be reached at (800) 796-6816, (817) 756-5482 or asktheexpert@autoclaimspecialists.com.

Ask the Expert



purchase. The motor vehicle should always be treated as an investment. As with any investment, if it is mismanaged, the value will be lost. In my professional opinion, each time the consumer agrees to and or accepts a less than desirable non-OEM collision repair, they have accepted the inherent diminished value they have been dealt. We routinely see instances where a \$900 non-OEM operation was performed on the vehicle and diminished the actual cash value by \$1,600. When I am speaking with clients concerning proper repair procedures, we always look to what the OEM says is a proper and safe repair. Anything short of that adds to the diminished value of a collision repaired vehicle and/or the potential of an unsafe repair. The higher the quality of the repair in each collision, the less the diminished value. Even when the vehicle is returned to its pre-loss OEM condition and the collision repair was performed to the best of one's human ability, inherent diminished value exists.

Please call me if you have any questions relating to the vehicle value before or after the OEM-approved repair process. A safe repair is a quality repair, and quality equates to value. I thank you for your questions and look forward to any follow-up questions that may arise.

Sincerely,
Robert L. McDorman **TXA**



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